

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WHITLEY COUNTY WATER	)	
DISTRICT OF WHITLEY COUNTY, KENTUCKY FOR	)	
A CERTIFICATE OF PUBLIC CONVENIENCE AND	)	CASE NO.
NECESSITY TO CONSTRUCT, FINANCE, AND	)	2002-00380
INCREASE RATES PURSUANT TO THE	)	
PROVISIONS OF KRS 278.023	)	

O R D E R

On October 17, 2002, Whitley County Water District ( Whitley District ) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$4,950,000 water system expansion project later reduced by the final engineering report to \$4,850,000. On November 12, 2002, Whitley District moved to amend the application to include a request for an increase in rates. The motion was granted on November 15, 2002. This project, Hwy 92E Water Line Extension Project, consists of the construction and installation of approximately 45 miles of water line and appurtenances, to provide water service to approximately 640 new customers, the construction of a 200,000-gallon water storage tank and appurtenances, and a 300 gpm booster pumping station. As shown in the final engineering report, Whitley District proposes to finance the construction of the project through:

- The issuance of its Water Revenue Bonds in the amount of \$1,860,000 at an interest rate not exceeding 4.5 percent per annum maturing over a 40-year period, through the U.S. Department of Agriculture ( USDA ), Rural Development ( RD ).

- An RD grant in the amount of \$900,000.
- An Appalachian Regional Commission ( ARC ) grant in the amount of \$350,000.
- A Community Development Block Grant ( CDBG ) in the amount of \$1,000,000.
- An Abandoned Mine Lands ( AML ) grant in the amount of \$640,000.
- An applicant contribution in the amount of \$100,000.

Whitley District s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the USDA or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on November 12, 2002, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Whitley District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Whitley District s proposed plan of financing with RD is accepted.
3. Whitley District is authorized to issue bonds not to exceed \$1,860,000.
4. Whitley District shall file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Whitley District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

7. Three years from the effective date of this Order, Whitley District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the proposed water rates are sufficient to meet its operating expenses and annual debt service requirements.

8. Whitley District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of Administrative Regulation 807 KAR 5:066, Section 5(1), Whitley District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 3<sup>rd</sup> day of December, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2002-00380 DATED December 3, 2002

The following rates and charges are prescribed for the customers in the area served by Whitley County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Water Rates

First	1,000 gallons	\$14.83 Minimum Bill
Next	4,000 gallons	5.10 per 1,000 gallons
Next	95,000 gallons	4.67 per 1,000 gallons
All Over	100,000 gallons	4.25 per 1,000 gallons